

## **Surge in advisers moving offshore expected post-RDR**

19 January 2011 by Simon Danaher

**International advisers believe there could be a surge in advisers from the UK moving into the offshore market in the run-up to and after the implementation of the Retail Distribution Review.**

According to a poll of over 100 *International Adviser* readers, more than 25% believe one of the direct consequences of the RDR, due to be implemented in January 2013, will be the movement of IFAs from the UK into the offshore market.

### **Increased standards**

One of the main drivers of this could be the increased professional standards IFAs will be expected to meet in order to continue giving advice in the UK. According to recent FSA advice, people who hold certain qualifications will be required to complete a “gap-fill” qualification to bring them up to the required standard post RDR.

For example, those who wish to advise on funds after the RDR is implemented and who hold a Professional Investment Certificate from the ifs School of Finance will need to complete a “gap-fill” qualification in order to continue to do so. Similarly, those who hold a Certificate in Private Client Investment Advice and Management from The Chartered Institute for Securities and Investment will also need to complete a “gap-fill” qualification to continue giving investment advice. There are many other qualifications which will need to be topped-up if advisers wish to continue giving advice after January 2013.

Graham Barnes, director of The Fry Group’s international operations, said it is inevitable some UK-based IFAs will turn to the offshore market.

“Those people who can’t qualify in the UK and who want to carry on working, in their vision of the industry 15 years ago, will possibly gravitate overseas and there is any number of firms whose business model is dated back in the 19th Century who will employ them – that is absolutely clear,” he said.

However, Barnes added, hopefully, through the consumer press and other avenues, the message will gradually filter down to expatriates seeking advice that standards are changing and they should expect more from their IFA.

Advisers also expect to see changes in how providers deal with them, with over 17% of respondents citing this as one the biggest possible influences of the RDR offshore and 15% expecting to see a removal of built-in commission, in line with the RDR.

### **More direction from providers needed**

Sean Kelleher, chairman of the Financial Partners Group in Dubai, said it will be difficult for providers who deal with both UK-based and overseas IFAs to offer products in different forms.

“It will be very difficult for the likes of Friends Provident, Skandia etcetera to behave differently if one set of government says this is best practice and to structure products differently for the offshore market,” he said.

However, Kelleher added so far there has not been much direction offered by providers to IFAs who themselves wish to adopt an RDR-type model.

“It is all rumours at this point in time,” said Kelleher. “There are suggestions that if we were to move our model into an RDR-compliant format then providers would support us but there has been no specific commitment from providers.

“The RDR is beginning to look remarkably close and small IFA firms cannot change their cash flow on a sixpence. It would be nice to know if the providers are going to do something and if so what?”



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